

Monitoring Practitioner Compliance With Disciplinary Rules and Proposed Changes to Representation of Others Before The United States Patent and Trademark Office



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Regulation of Conduct

▶ Conduct of attorneys and patent agents is subject to regulation by the Office under 35 U.S.C. 2(b)(2)(D).

—“The Director may establish regulations, not inconsistent with law, which-

•(D) may govern the ... conduct of agents, attorneys, or other persons representing applicants or other parties before the Office....”



Regulation of Conduct (continued)

- ▶ Patent attorneys and agents are subject to discipline for not complying with adopted regulations. 35 U.S.C. 32.
 - ▶ “The Director may, after notice and opportunity for a hearing, suspend or exclude, either generally or in any particular case, from further practice before the Patent and Trademark Office, any person, agent, or attorney shown to be incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 2(b)(2)(D) of this title....”



Issues And Conduct Being Considered by OED

- ▶ Duty to make reasonable inquiry.
- ▶ Obligation to avoid submitting papers for improper purpose or delay.
- ▶ Monitoring compliance - conduct that can be perceived as:
 - Failure to make reasonable inquiry.
 - Being interposed for improper purpose or delay.
 - Incompetence or neglect.



Duties Imposed by Section 10.18(b)

- ▶ 37 CFR 10.18(b) requires that submitted papers:
 - Not be presented for improper purpose.
 - Claims are legally warranted.
 - Imposes a duty of inquiry reasonable under the circumstances to avoid presenting paper for an improper purpose



Improper Purposes

► Under Section 10.18(b)(1), all filings carry with them the certification of the person signing the filing that any statement therein does not “cover[] up by any trick, scheme or device a material fact.”

—This provision parallels the general requirement concerning filings in the federal government contained in 18 U.S.C. 1001.



Duty To Make Reasonable Inquiry

▶ Section 10.18(b)(2) requires person filing a paper to have made the judgment that the paper is not interposed for improper purpose “after an inquiry reasonable under the circumstances.”

—This provision generally parallels Rule 11 of the Federal Rules of Civil Procedure, which also requires that papers not be interposed for improper purpose “after an inquiry reasonable in the circumstances.”



Duty To Make Reasonable Inquiry

- Courts have held that Rule 11 “requires counsel to read and consider before litigating.” *Thornton v. Whal*, 787 F.2d 1151, 1154 (7th Cir. 1986); *U.S. Bank National Association, N.D., v. Sullivan-Moore*, 406 F.3d 465, 470 (7th Cir. 2005).
- An attorney’s “plea of ignorance [of the contents of the filed paper] is unavailing. Rule 11 establishes an objective test, and as we have repeatedly observed, an ‘empty head but a pure heart is no defense.’” *Chambers v. Am Trans Air, Inc*, 17 F.3d 998, 1006 (7th Cir. 1994).



Duty To Make Reasonable Inquiry

► Practitioners submitting papers must read each paper submitted to the Office before it is submitted. Each submitted paper must be read in its entirety.

—Regardless of the source of the paper.

—Each paper submitted to the Office.



Avoiding Improper Purpose or Delay

▶ Section 10.18(b)(2)(i) provides that a filing constitutes a representation that “the paper is not being presented for any improper purpose, such as...to cause unnecessary delay or needless increase in the cost of prosecution before the Office.”

- Review for compliance with procedural rules.
- Reasonable inquiry.



Applicable Ethics Rules

- ▶ 10.23(b)(5) - conduct prejudicial to the administration of justice.
- ▶ 10.23(c)(10) - knowingly violating or causing 37 CFR 1.56 to be violated.
- ▶ 10.23(c)(15) - signing a paper filed in the Office in violation of the provisions of 37 CFR 10.18.
- ▶ 10.77(b) - handling a legal matter without adequate preparation.
- ▶ 10.77(c) - neglect of an entrusted legal matter.
- ▶ 10.85 - requires a practitioner to represent a client within the bounds of the law.
- ▶ 10.85(a)(2) not “Knowingly advance a claim or defense that is unwarranted under existing law, except that a practitioner may advance such claim or defense if it can be supported by good faith argument for an extension, modification, or reversal of existing law.”



Monitoring Compliance – Reasonable Inquiry

- ▶ Examples of conduct that may be perceived as failure to make reasonable inquiry:
 - A reference material to patentability is buried among a large number of references cumulative references.
 - Buried reference anticipates one or more claims.
 - Reasonable inquiry has not been shown.



Monitoring Compliance – Reasonable Inquiry

► Examples of conduct that may be perceived as failure to make reasonable inquiry (continued):

–Application filed with claims that are anticipated by at least one publication authored by one of the inventors executing the 37 CFR 1.63 declaration or oath.

•Reasonable inquiry has not been shown.



Monitoring Compliance – Improper Purpose or Delay

► Examples of situations potentially involving improper purpose or delay

– Adding undue number of claims with multiple dependent claims.

- Multiple dependency can add thousands of claims.
- Each of must be examined for patentability.
- May implicate violation of Disciplinary Rule 10.85(a)(1), to harass or injure another in reexamination situations.



Monitoring Compliance – Improper Purpose or Delay

► Examples of situations potentially involving improper purpose or delay.

– Filing an amendment, petition or other paper without required fee.

- Insufficient funds.
- Stop payment.
- Lack of funds.



Monitoring Compliance – Improper Purpose or Delay

► Examples of situations potentially involving improper purpose or delay.

–Coinventing and claiming the client's invention as the practitioner's own invention.

•See *In re Lynt*,

<http://www.uspto.gov/web/offices/com/sol/foia/oed/disc/D05-08.pdf> (USPTO Dir. 2005); *Virginia State*

Bar v. Lynt,

http://www.vsb.org/disciplinary_orders/lynt_opinion.pdf (Cir. Ct. Alex. 2004).



Monitoring Compliance – Improper Purpose or Delay

► Examples of situations potentially involving improper purpose or delay.

–Repeated issuance of bad checks.

- 10.23(b)(3) - illegal conduct involving moral turpitude.
- 10.23(b)(4) - dishonesty, fraud, deceit or misrepresentation.
- 10.23(b)(5) - conduct prejudicial to the administration of justice.
- 10.112(c)(2) - safekeeping of client funds.
- 10.112(a) - commingling of client funds.



The Proposed Rules



Proposed Disciplinary Procedure Rules

Section 11.2 Duties of OED Director

- Investigations of matters involving possible grounds for discipline.
- Provide practitioners with opportunity to reply to reasonable requests.
- Practitioners may petition to invoke the supervisory authority of the USPTO Director in disciplinary matters.



Section 11.3 Suspension of rules

- Comparable to provision in Section 1.183
- The rule should not be construed as an indication that there could be any extraordinary situation when justice requires waiver of a disciplinary rule.

Section 11.5 Practice before the Office

- Nonpractitioners, working under supervision of registered practitioner, may conduct many of the activities associated with practice before the Office.
- Comment solicited whether to explicitly provide for appropriate circumstances in which a patent agent may cause an assignment to be executed when incidental to preparing and filing an application.



Section 11.18 Certifying submissions to Office.

- Section 11.18(b)(1) clarifies prohibition against knowingly or willfully making false, fictitious, or fraudulent statements.
- Section 11.18(c) sets forth sanctions including striking the offending paper, precluding a practitioner from submitting a paper, the weight given to the offending paper. Practitioner's conduct may be referred to the Office of Enrollment and Discipline for appropriate action.



Section 11.19 Disciplinary jurisdiction of the Office.

- Five grounds for discipline are identified:
 - Conviction of a serious crime;
 - Discipline on ethical grounds imposed in another jurisdiction or disciplinary disqualification from participating in or appearing before any Federal program or agency;
 - Failure to comply with any order of a Court disciplining a practitioner or any final decision of the USPTO Director in a disciplinary matter;
 - Violation of the imperative USPTO Rules of Professional Conduct; and
 - Violation of the oath or declaration taken by the practitioner.



Section 11.20 Disciplinary sanctions

- Exclusion.
- Suspension for a period that is appropriate under the facts and circumstances of the case.
- Public and private reprimand.
- Restitution limited to the return of unearned practitioner fees or misappropriated client funds. The rule does not contemplate restitution for the value of an invention or patent.



Section 11.21 Warnings

- Is not a disciplinary sanction.
- Issued at the conclusion of an investigation.
- Not made public.
- Practitioner may invoke the USPTO Director's supervisory authority if dissatisfied with warning.



Section 11.22 Conduct of investigations

- Practitioner notified in writing of the initiation of an investigation.
- OED may seek information or evidence from the grievant and the practitioner.
- OED may seek financial books and records regarding practice before Office from practitioner.
 - Examples:
 - Improper failure to refund unearned funds
 - Improper handling of client funds
- OED may request information and evidence regarding possible grounds for discipline of a practitioner from a non-grieving client.



Section 11.24 Reciprocal discipline of a practitioner who has been disbarred or suspended by another jurisdiction

- Proceeding initiated before the USPTO Director.
- Practitioner has notice and opportunity to reply.
- Matter heard on the documentary record unless USPTO Director determines oral hearing is necessary.
- Practitioner may argue:
 - The procedure elsewhere was so lacking in notice or opportunity to be heard as to constitute a deprivation of due process;
 - There was such infirmity of proof establishing the conduct as to give rise to the clear conviction that the Office could not, consistently with its duty, accept as final the conclusion on that subject; or
 - The imposition of the same discipline by the Office would result in grave injustice.



Section 11.25 Interim suspension and discipline based upon conviction of committing a serious crime

- Proceeding initiated before the USPTO Director.
- Practitioner has notice and opportunity to reply.
- Hearing on the documentary record, including copy of the court record, docket entry or judgment of conviction, and the practitioner's assertion of any predicate challenge.
- Upon imposition of interim suspension, formal disciplinary proceeding starts to ascertain solely the nature and extent of the discipline to be imposed as a consequence of the conviction.



Section 11.28 Incapacitated practitioners

- Limited to apply to disciplinary proceedings.
- Practitioner transferred to disability inactive status and precluded from practicing before the Office.

Section 11.36 Practitioner's answer to a complaint

- Must affirmatively raise disability in answer as a mitigating factor.
- Must affirmatively plead disability in answer.



Section 11.44 Oral hearing

- Oral hearing stenographically recorded and transcribed.
- Testimony of witnesses under oath or affirmation.
- Oral hearing unnecessary where, for example, there is a settlement, or the hearing officer entered an order default judgment or summary judgment.

Section 11.45 Amending the complaint to include additional charges

- No authorization from Committee on Discipline needed.
- Hearing officer must approve amendment and authorize amendment of the answer.



Section 11.49 Burden of proof

- Maintain the “clear and convincing” burden of proof.

Section 11.52 Discovery

- Revised to permit reasonable and relevant discovery.
- Includes records and information a practitioner did not disclose or release during an investigation.



Section 11.57 Final decisions of USPTO Director

- Practitioners seeking review must comply with service requirements of Rule 4 of the Federal Rules of Civil Procedure and 37 CFR § 104.2.
- An order for discipline in a final decision will not be stayed except on proof of exceptional circumstances.

Section 11.58 Conduct while suspended or excluded

- Suspended or excluded practitioner may act as paralegal for other registered practitioners.



Section 11.59 Information dissemination

- Give notice of public of discipline and the reasons for the discipline.
- Publish final decision.
- Publish change in status.
- Except when ordered to be kept confidential, disciplinary records where a practitioner is reprimanded, suspended, or excluded will be available to the public upon written request.



Thank you

